Educate Small Businesses About Business Tax
By Councilmember Carl DeMaio
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One of my top priorities on the San Diego City Council will be to foster a jobs-friendly environment.

Creating better jobs is a win-win. It not only is good for San Diegans who need those jobs, but generates tax increment to address the city's budget crisis.

During these tough economic times, the city can and should do more to help the small businesses and the self-employed — which comprise 92 percent of the businesses operating locally. That's why I recently released a four-point small-business regulatory and tax relief proposal.

Supporting small businesses should start with local tax reform.

As San Diegans are laid off from larger corporations, many are turning to self-employment to make ends meet, requiring them to register with the city's business tax certificate program.

Unfortunately, most San Diegans are not aware of this tax and many small businesses are just now learning they are noncompliant.

And it gets worse. Due to a new data sharing program being used by the city treasurer, thousands of San Diegans are being sent delinquency notices, complete with late fees, penalties and surcharges that can total more than $300.

Reaching Out

While the tax enforcement efforts of the city are commendable, the city should be as aggressive in its public education and outreach efforts.

Consistent with that, I have requested that the city treasurer devise an outreach campaign that would, at the least, include working with City TV to create a public service announcement that could run on the city channel for the purpose of educating the public on the requirements of the tax.

In researching options for providing small-business tax relief, my office came across promising tax amnesty/tax holiday programs from Anaheim and Los Angeles.

Besides helping small businesses, we learned a properly structured tax relief package can actually bring in more revenue for the city (as Los Angeles anticipates) or be revenue neutral (as has been Anaheim's experience).

The city treasurer has identified 23,000 potentially unregistered accounts that could be collected during a well-publicized tax amnesty/holiday period.

Tax relief can have a positive impact short term for affected small businesses, while generating more revenue for the city in the long term through expanded enrollment in the business tax certificate program.

I pledge to work with the mayor and City Council to adopt some form of comparable tax relief by April 15.

Encouraging Partnerships

The city should also be encouraging public-private partnerships to support small businesses. In conjunction with its tax amnesty and tax holiday initiatives, Anaheim utilized several partnerships to support its small businesses. One partnership with the Anaheim Chamber of Commerce provided free memberships to new small businesses so they could access a wide array of support services.

As small businesses enroll in our business tax certificate program, they would be referred to these supporting partners for free or discounted assistance in getting started with their business activities.

A final component of my small-business plan involves eliminating excessive regulations.

During the 1990s, the mayor and City Council convened several public hearings for the sole purpose of receiving complaints and suggestions from small businesses on how to make San Diego more business friendly.

Working with the city's Small Business Advisory Board and other interested parties, I recommend that the City Council host another regulatory relief day in 2009 to review possible reforms.

While politicians in Washington, D.C., are focused on federal bailout packages for Wall Street and big business, the city of San Diego should do everything it can to support local job creation and self-employment here on Main Street.

We can do that by enacting these and other measures to support small businesses.

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